



# FACT SHEET

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## *U.S.-Korea Free Trade Agreement* What's At Stake for Poultry and Egg Products?

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The U.S.-Korea Free Trade Agreement (KORUS FTA) will provide America's farmers, ranchers, food processors, and the businesses they support with improved access to the Republic of Korea's 49 million consumers. If approved by Congress, this would be the most economically significant trade agreement for the U.S. agricultural sector in 15 years.

Under this agreement, more than 60 percent of U.S. agricultural exports will become duty-free immediately. Lower tariffs benefit both U.S. suppliers and Korea's consumers. The KORUS FTA will help the United States compete against Korea's other major agriculture suppliers and help keep the United States on a level playing field with Korea's current free trade partners, such as Chile, and any future FTA partners.

### *With the Agreement...*

Korea's tariffs of 20 percent on imports of the dominant frozen leg quarter import category will be phased out in 10 equal annual reductions; frozen breasts and wings will be phased out in 12 equal reductions. Korean tariffs on frozen turkey cuts will be phased out in seven equal annual reductions from the current 18 percent.

Korean tariffs of 27 percent on egg products, including egg yolks, will be phased out in 12 equal annual reductions. The cumulative tariff savings resulting from KORUS FTA for these poultry and egg products is estimated at almost \$9 million over the first 5 years of the agreement.

#### *The Trade Situation...*

Korea's most significant poultry meat imports are chicken legs, wings, and turkey parts. The European Union and, more recently, Brazil have gained market share in the chicken leg market, but the United States continues to dominate the market. The United States also is the primary supplier for turkey parts.

Korea is the eighth largest market for U.S. leg quarters and legs. From 2005 through 2007, U.S. exports to Korea averaged nearly \$17.1 million annually. During 2006, the U.S. share of Korea's leg import market reached 80 percent. For turkey parts, the U. S. captured 94 percent of the \$3.6 million market.

Korea was the number two market for U.S. egg products (egg yolks) with imports averaging \$2.3 million annually from 2004 through 2006. U.S. products captured an average 78 percent of the Korean market during this time.

#### *The Current Market Access Situation...*

U.S. leg quarters face applied tariffs as high as 18 percent, and the WTO permits (bound) duties as high as 20 percent. Korea's current tariffs for poultry and egg products range from 18 to 42

percent. Korea agreed to begin a risk assessment process in June 2007 to evaluate acceptance of U.S. regionalization in the event of future avian influenza detections in the United States.

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